REMARKS

Claims 1-5, 7-9, 31-36, 41-55, and 75-101 are pending. Applicants have amended claims 45, 75, 91, and 101.

The Examiner has rejected claims 45-55 and 75-101 under 35 U.S.C. § 101 as being directed to nonstatutory subject matter. Applicants have amended these claims to address the Examiner's concerns.

The Examiner has rejected claim 101 under 35 U.S.C. § 112, second paragraph, as being indefinite. Applicants have amended this claim to address the Examiner's concerns.

Applicants would like to thank the Examiner for his consideration during the telephone interview of July 19, 2004. During that interview, the Examiner and applicants' representative discussed the Roth reference and a proposed amendment to claim 1. Upon further reflection, applicants believe that, as explained below, the Examiner misunderstands the Roth reference and that the pending claims are patentable over the cited references.

The Roth reference describes a bidding system that includes bidding agents 30A-30Z and bid selection logic 16C. (See Figure 1.) An advertiser can use the bid input system 18 to submit "proposed bids which specify how much should be bid for view-ops with particular characteristics." (4:2-4.) "Each bidding agent 30 evaluates each view-op to determine if the view-op meets the criteria specified in a particular proposed bid and if so how much should be bid." (4:4-6.) Roth describes two techniques that a bidding agent can use for determining "how much should be bid." First, an advertiser can offer "to pay a particular amount for the opportunity to provide an advertisement in response to a view-op that has certain characteristics." (8:44-46, emphasis added.) If a view-op has those characteristics, then the bidding agent will submit that particular amount as the actual bid. Second, an advertiser can set the "maximum amount that can be specified when placing [actual] bids" and select the "minimize bid" option. (8:29-40.) In such a case, the bidding agent "will try to bid the minimum amount necessary to maintain the level of buying that will ensure the desired

number of impressions during the time allotted to the media buy." (8:35-37, emphasis added.) Thus, the actual bids are either "particular amount" or the "minimum amount." "After receiving input [actual bids] from bidding agents 30 (that is from all bidding agents 30 that submit bids) the bid selection logic 16C in view server 320 selects the highest bid." (7:19-21, emphasis added.)

The Examiner states that Roth achieves an optimum level of buying by "dynamically and artificially adjusting the bid amount upward to help ensure the ad is selected and help reach the optimum level of buying." (Office Action, March 9, 2004, p. 4, emphasis added.) The Examiner is incorrect. There is nothing artificial about Roth's bidding agent setting a bid amount. The bidding agent actually, not artificially, sets the amount to bid to the "particular amount" or, when the minimize bid option is selected, to the "minimum amount." The bidding agent then submits the set amount as that "actual bid" (13:51-53) to the bid selection logic. Moreover, careful review of Roth indicates that the word "adjust" (or any of its variations) is not used at all in the patent. In short, Roth neither teaches nor suggests "adjusting" any amount that is submitted by an advertiser as a bid.

The Examiner also states that "the bid selection logic changes the submitted amounts." (Office Action, March 9, 2004, p. 5, emphasis added.) The Examiner is incorrect. First, Roth does not describe adjusting or changing any submitted bids. Second, Roth's "bid selection logic" always selects the "highest" actual bid. There is nothing in Roth to suggest that the "bid selection logic changes" any actual bids. The Examiner is confusing the function of Roth's bidding agent in specifying how much to bid (which is not changing a bid) with the function of Roth's bid selection logic in selecting the highest actual bid. Applicants know of no auction system in which the bid selection logic (or process) changes an "actual bid." Moreover, changing an actual bid of a bidder would likely come as quite a surprise to the bidder who may have to pay more than their actual bid because of an increase or who may lose the auction because of a decrease.

It appears that the Examiner is relying on the combination of Roth's bidding agents and Roth's bid selection logic and relying on Roth's "proposed bids" with their

"particular amount" or "minimum amount" corresponding to applicants' "received multiple bids." Assuming this correspondence, then Roth's combination never selects a "proposed bid," rather the combination only selects an "actual bid" and only that "actual bid" that is the highest of the "actual bids."

The Examiner could assert that Roth's combination somehow "selects" a proposed bid—disregarding the clear "bid <u>selection</u> logic" language of Roth, which only selects "actual bids." Such a "selection," however, would not result in "selecting a proposed bid that is not the highest of the proposed bids" as recited by the claims. A proposed bid either has a "particular amount" or, when the minimize bid option is selected, a "minimum amount." If a particular amount is specified, then that amount is always the actual bid. If the minimize bid option is selected, then the calculated "minimum amount" is always the actual bid. In either case, Roth always selects the highest actual bid, which corresponds to highest of the particular amounts and minimum amounts of the proposed bids submitted as "actual bids." Thus, Roth never "selects" a proposed bid that is not the highest. Each of the claims recite "selecting . . . a received bid whose bid amount is <u>not</u> the highest," or similar language.

According to the Examiner, Davis describes "ad opportunities that each call for include [sic] plural, targeted ads that are to be placed on the page according [sic, to] descending bid amounts." (Office Action, March 9, 2004, p. 10.) According to Davis, if there are three display spaces on a web page that each can be allocated an advertisement, the top three bids are selected. Applicants' claims are directed to selecting an advertisement for a single display space. Davis's web page would have three display spaces and in each case Davis would select the highest bid that is currently eligible. When selecting an advertisement for the multiple display spaces, Davis first selects the advertisement with the highest bid for the first display space. Davis then selects the advertisement that is still "eligible" to be placed with the highest bid for the second display space. The advertisement that was selected for the first display space is not eligible for the second display space because it has already been selected for placement. Davis continues this process until sufficient advertisements are selected. Each time Davis selects an advertisement it is the eligible one with the highest bid amount. Moreover, Davis neither teaches nor suggests that selecting of
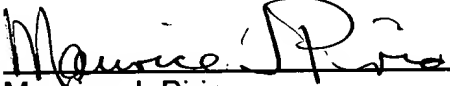
bids is based "on a likelihood that the advertisement will be placed on the requested number of web pages during the time period" as recited by, for example, claim 1.

The Examiner also mentioned during the telephone interview an auction in which the price charged to the winning bidder (i.e., with the highest bid) is the bid amount of the second highest bidder. Such an auction is referred to as a "second-price auction." With such an auction, however, the highest bidder is always selected, but is simply charged a lesser amount. Thus, such an auction would not select "a received bid that is not the highest" as recited by the claims.

Based upon the above amendments and remarks, applicants respectfully request reconsideration of this application and its early allowance. If the Examiner has any questions or believes a telephone conference would expedite prosecution of this application, the Examiner is encouraged to call the undersigned at (206) 359-8548.

Respectfully submitted,

Perkins Coie LLP

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Maurice J. Pirio
Registration No. 33,273

Correspondence Address:
Customer No. 25096
Perkins Coie LLP
P.O. Box 1247
Seattle, Washington 98111-1247
(206) 359-8000